

INITIAL STATEMENT OF REASONS:

The California Department of Corrections and Rehabilitation (CDCR) proposes to amend Section 3140, Funds Enclosed in Correspondence, of the California Code of Regulations, Title 15. The proposed revisions will allow the Department to place a hold on money orders received from the public for deposit into an inmate's trust account until the funds have cleared the bank upon which they are drawn.

Current regulations allow funds from money orders and certified checks from the public to be placed upon receipt into an inmate's trust accounts and available to the inmate for spending. In recent years there has been an increase in the use of counterfeit money orders and the result has been a loss in thousands of dollars from fraudulent money orders that were placed in the inmate trust account and spent by the inmate before the money orders have cleared the bank. Recovering these funds from the inmates' trust accounts has not always been successful.

The Department has made an initial determination that the action will not have a significant adverse economic impact on business. Additionally, there have been no facts, evidence, documents, testimony, or other evidence provided that would alter the Department's initial determination.

The Department must determine that no alternative considered would be more effective in carrying out the purpose of this action, or would be as effective and less burdensome to affected private persons, than the action proposed.

The Department has determined that this action imposes no mandates on local agencies or school districts, or a mandate, which requires reimbursement of costs or savings pursuant to Part 7 (Section 17561) of Division 4.

The Department has determined that no reasonable alternatives to these regulations have been identified or brought to the attention of the CDCR that would lessen any adverse impact on small business.

The Department, in proposing amendments to these regulations, has not identified or relied upon any technical, theoretical, or empirical study, report, or similar document.

3140. Funds Enclosed in Correspondence.

Subsections 3140(a) through 3140(c)(2) are unchanged.

Subsection 3140(d) is amended to remove the words "money orders or" from the text that allows funds from money orders to be given immediately to inmates for spending. This is necessary to prevent fraudulent money orders from being placed in inmates' trust accounts and spent by the inmates. The words "or money orders" are added. This is necessary to include money orders that are received to be held until they have cleared the bank upon which they are drawn. The word "was" is removed and replaced with the word "were" for clarity. Current text "that reads that the personal check has" is removed and replaced with the words "indicating the funds have." This is necessary to make clear that both personal checks and money orders will be stamped upon receipt. The last sentence was added to clarify that the stamp is only to indicate that the funds were accepted by the Department for processing and not immediately available for inmate use.

Subsection 3140(e) is unchanged.